



National Security Personnel System Employee Fact Sheet October 2005

*“NSPS is a win-win-win system ...
a win for our employees,
a win for our military and
a win for our Nation.”*

*Honorable Gordon R. England
NSPS Senior Executive*

Department of Defense (DoD) civilians are integral to the Department successfully meeting its critical national security mission. NSPS is essential to the Department's efforts to create an environment in which the total force functions and operates as one cohesive unit around the world in every time zone, every day.

NSPS will help the Department meet its critical national security mission by:

- Reinforcing the commitment to preserve fundamental merit principles, to prevent prohibited personnel practices, and to honor and promote veterans' preference;
- Implementing a system that replaces the General Schedule with market-based pay bands, in which employee pay progression is driven by performance and/or attainment of competencies – not longevity;
- Provide broad pay bands allowing the Department to move employees more freely across a range of work opportunities without being bound by narrowly described work definitions;
- Training DoD managers to set clear performance expectations and to link employee performance objectives to organizational goals;
- Respecting collective bargaining rights while meeting DoD's need to respond to operational priorities; and
- Streamlining adverse actions and appeals processes, ensuring the Department's ability to effectively deal with performance and conduct issues, while retaining due process protections for employees.

NSPS is designed to value talent, reward contribution and promote excellence. Your performance and contributions will be more fully recognized and rewarded. The system offers a contemporary pay-banding construct, where salaries are adjusted and based not

only on performance but also on factors such as labor market conditions and changes in duties.

NSPS will position DoD as an employer of choice, increasing our ability to retain and recruit highly skilled employees. NSPS will:

- Implement a performance management system that rewards you for your performance and contributions to our mission;
- Help you and your supervisors set clear performance expectations;
- Create a culture where performance feedback is an important part of DoD's mission and goals;
- Ensure you know what is expected of you and that you have confidence in your managers' ability to rate fairly and equitably;
- Promote a continuous learning environment and advancement opportunities as you grow and progress; and
- Expand the Department's ability to quickly hire and assign work.

What You Need to Know Right Now

- You will not lose pay as a result of the transition to NSPS.
- NSPS does not change basic merit system principles that form the foundation for the federal civil service, rules against prohibited personnel practices, veterans' preference, protections for whistleblowers, EEO complaints, or anti-discrimination laws.
- You may still grieve performance ratings and appeal adverse actions.
- You retain the right to organize and bargain collectively.

We are going to make it easy for you to get the information you need – when you need it. As different organizations implement NSPS, employees in those organizations will receive comprehensive communication and education materials so that they know what is happening as well as why, when and how changes will affect them.

Over the next few months, you will be hearing more about NSPS from your senior leaders, managers, supervisors, and human resources specialists. Look for ongoing

communication materials on NSPS, which will be made available to you through your Component, agency, or organization and your servicing personnel office. The NSPS website (www.cpms.osd.mil/nsps) as well as Component NSPS websites, continue to be good sources of current and reliable information.

What Employees Can Expect

Employees Covered by NSPS - The vast majority of DoD civilian employees will be covered by these regulations. Certain categories of employees are excluded, including intelligence personnel and employees in the DoD laboratory organizations specified in the NSPS law. However, there are some employees who will only be covered by certain provisions.

NSPS Labor Relations provisions will be implemented across the entire Department once final regulations are issued and effective, and will cover all DoD employees currently covered by the labor relations provisions of title 5, Chapter 71.

The final regulations contain guidance concerning which employees are eligible to be covered by NSPS.

Performance Management Will Drive Culture Change - The linchpin of NSPS is performance management. The goal is straightforward – employees should clearly know what is expected of them, know how they support the mission and strategic goals, and should have confidence in their managers' ability to recognize and distinguish levels of performance. Similarly, employees should be held accountable for their performance and should expect the quality of their performance and their contributions to the mission to be a major factor in decisions regarding salary increases or performance bonuses. Employees, supervisors, and managers will be provided with training opportunities that will be designed to reinforce this and to equip them with the skills and tools that will assist them in this transformation.

Transition from General Schedule to Pay Banding - One of the most fundamental changes is a pay banding structure to replace the General Schedule. Under NSPS, pay increases will be based on performance – not on time-in-grade.

Compensation will also be based on market conditions – providing for increases based on occupation and locality, rather than assuming that all occupations should be compensated equally. The combination of market-based pay and the culture of accountability that accompanies a performance-based compensation system will foster a work environment that attracts, rewards, and retains the best talent for the Department of Defense.

Labor Management Relations Supports National Security Mission – To ensure the Department has the flexibility to carry out its vital mission, the regulations ensure that the Department can act as and when necessary. The Department has preserved collective bargaining for DoD employees. While the final regulations modify the scope of bargaining, they strike a balance between employee interests and DoD's need to accomplish its mission effectively and to respond swiftly to ever-changing national security threats. An independent National Security Labor Relations Board will be established to expeditiously resolve issues between management and employee representatives.

Adverse Actions Processes are Streamlined - While the vast majority of DoD employees perform their jobs day in and day out with the utmost level of professionalism and dedication, occasionally situations dictate performance and/or disciplinary corrective measures. Recognizing the critical nature of the Department's mission, NSPS has been designed to provide for the expeditious and fair handling of these actions. Accordingly, these regulations provide a 15-day notification period for taking adverse actions. Additionally, the identification and use of Mandatory Removal Offenses is allowed, but not before they are publicized in the Federal Register and regularly made known to all employees. These new processes are designed to be easier to understand and are streamlined to include quicker resolution of employee appeals. Employee due process remains protected, as does the ability to file negotiated grievances that end in binding arbitration, and adjudication by the Merit Systems Protection Board.

Key Elements of the National Security Personnel System

General	Classification	Compensation
<ul style="list-style-type: none"> Consistent with merit system principles and prohibitions against prohibited personnel practices Protects veterans' preference Establishes continuing role of Office of Personnel Management (OPM) 	<ul style="list-style-type: none"> Creates simple, flexible system Positions grouped in broad career groups and pay schedules based on nature of work, career patterns, competencies Flexibility to assign employees new or different work Movement through pay band based on performance, contribution, increased responsibility or job complexity Position descriptions require much less detail 	<ul style="list-style-type: none"> Performance replaces longevity as basis for individual pay increases Can attract, develop, retain, and reward high-performing employees through appropriate compensation Provides framework for movement towards market sensitive pay Allows greater flexibility in pay setting upon promotion, reassignment and hiring Employees rated as unacceptable do not receive pay increases
Performance Management	Staffing & Employment	Workforce Shaping
<ul style="list-style-type: none"> Fosters high-performing culture Aligns performance goals and expectations with mission goals Requires written performance plans Requires ongoing feedback and communication between supervisor and employee Performance includes conduct and behavior Requires ratings that reflect meaningful distinctions in employee performance Retains employee right to seek reconsideration through negotiated grievance process or administrative reconsideration process 	<ul style="list-style-type: none"> Ability to adapt quickly to mission needs Streamlined promotion and hiring processes Ability to create DoD hiring authorities Provides pay setting flexibilities Ability to create DoD-specific qualification requirements Veterans' Preference rights protected 	<ul style="list-style-type: none"> Streamlined, mission responsive More emphasis on performance Four retention factors remain; tenure, veterans' preference, performance, and seniority Less disruptive to employees and mission Veterans' Preference rights protected
Adverse Actions	Appeals	Labor Relations
<ul style="list-style-type: none"> Establishes single, streamlined process of taking actions based on performance and/or conduct Shortened time limits to expedite the process Establishes authority to identify mandatory removal offenses (to be identified) Retains due process and protections against whistleblowers and discrimination 	<ul style="list-style-type: none"> Creates streamlined process Preserves due process Expedited appeals process Retains Merit Systems Protection Board (MSPB) and arbitration Changes burden of proof to single "preponderance" standard Limited penalty mitigation 	<ul style="list-style-type: none"> Recognizes DoD's national security mission and need to act swiftly Preserves collective bargaining with limits on scope of bargaining Provides for continuing collaboration with unions in developing implementing issuances on matters historically not subject to collective bargaining Establishes Independent National Security Labor Relations Board to adjudicate labor disputes.

When Will These Changes Happen?

It will take time and effort to fully implement NSPS. To allow ample opportunity for training and program evaluation, we will convert employees into NSPS over the next few years. Spiral 1, the first group, includes those employees currently in GS, GM, or Acquisition Demonstration projects in selected DoD organizations. Employees in non-GS pay systems, including wage grade employees, will be in Spirals 2 and 3.

Early FY 2006

- Implement Labor Relations System across DoD for employees currently covered by Chapter 71, title 5 United States Code
- Commence training
 - Employees: HR Elements for Employees; Performance Management for Employees
 - Managers/supervisors: HR Elements for Managers/Supervisors; Performance Management for Managers/Supervisors; Pay Pool Management for Managers/Supervisors
 - HR Practitioners: HR Practitioners Course

Early CY2006

- General Pay Increase for all eligible civilian employees
- Implement Spiral 1.1, ~65,370 employees

Spring 2006

- Implement Spiral 1.2, ~47,640 employees

Fall 2006

- Performance cycle ends for Spirals 1.1 and 1.2
- Implement Spiral 1.3, ~160,180 employees

Early CY 2007

- First performance based payout under NSPS for Spirals 1.1 and 1.2

Early CY 2008

- Performance-based payout for the rest of Spiral One

Still to Come

Employee Transition Plan (Spiral Strategy) - Once Spiral One has been implemented DoD will assess and subsequently certify the performance management system. The second spiral will then be implemented to include Federal Wage System employees, overseas employees, and other eligible employees. Spiral Three will comprise the DoD labs currently excluded by the NSPS statute, should the Secretary of Defense make the determination to include them.

Continuing Collaboration and Development of Implementing Issuances – The Department will engage in continuing collaboration with employee representatives in developing implementing issuances. These issuances will provide the details for carrying out the provisions included in the NSPS regulations. This collaboration process will provide employee representatives an opportunity to submit written comments and discuss their views on human resources management issues. Continuing collaboration provides an historic opportunity for employee representatives to have input into the development of the Department's human resources management system, as well as certain aspects of the adverse actions, appeals, and labor relations programs.

Establishment of the National Security Labor Relations Board (NSLRB) - The NSLRB is an independent board that resolves issues between management and employee representatives, including the scope of bargaining, duty to bargain in good faith, negotiation impasses, and exceptions to arbitration awards. The Board will be composed of at least three members, appointed by the Secretary. Members must be distinguished citizens of the United States who are well known for their integrity, impartiality, and expertise in labor relations and/or national security matters. DoD labor unions will be asked to provide nominees for the Secretary's consideration.

Additional Key Program Aspects

Communications Efforts – Employees across the Department will be kept informed of program plans and changes. The comprehensive communications program will include town hall briefings, lists of frequently asked questions, Employee Fact Sheet, articles in local and base newspapers, and extensive use of Component and DoD Web Pages.

Additionally, DoD and Component leaders will ensure discussions on program changes occur between local management and employees.

Training – The NSPS training plan is a comprehensive, well-planned learning strategy to prepare the DoD workforce for the transition to NSPS. Specialized courses for all of the functional areas covered by the NSPS regulations, tailored for specialized audiences (e.g., supervisors/managers, human resources practitioners, attorneys, and non-supervisory employees). These courses will cover pay banding, staffing flexibilities, performance management, labor relations, the appeals process, and other matters. Managers and supervisors, including military managers and supervisors, will be given extensive training to ensure their understanding of the system and the key role they play. Component NSPS Program Managers will provide more specific information on training courses, dates, and schedules.